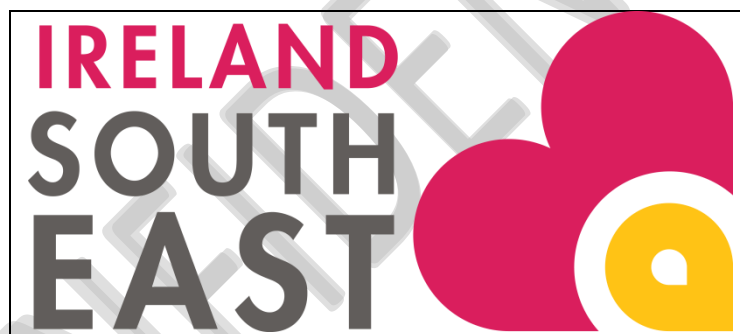


Policy Supports for Regional Airports
Preparation of new Regional Airports Programme 2020 to 2024

Submission by the Ireland South East Development Office
September 2019



The Ireland South East Development Office (ISED) works with leaders of the major regional industries as well as the chief executives of the councils of the five counties in the South East (Carlow, Kilkenny, Tipperary, Waterford and Wexford). Its priority is to make the South East the first choice for business, careers, inward investment and tourists.

Appendix 1: Additional Comments

Importance of Waterford Airport to balanced regional economic development

The **South East region (Carlow, Kilkenny, Tipperary, Waterford and Wexford) is currently facing challenges across a range of key economic indicators**. The region has the highest unemployment rate in the country; has lower levels of foreign investment than other regions; and is underperforming in terms of its potential as a destination for overseas visitors as well as tourism spend.

Key **public and private sector stakeholders in the region have been working successfully together to counteract these challenges** – not least through the Regional Enterprise Action Plan. **Such collaboration has been hugely positive and green shoots resulting from it need to be nurtured for the benefit of the entire South East**. A key element of private involvement in Waterford Airport is that it will ensure that the airport will be commercially run and led by private sector people with appropriate competencies.

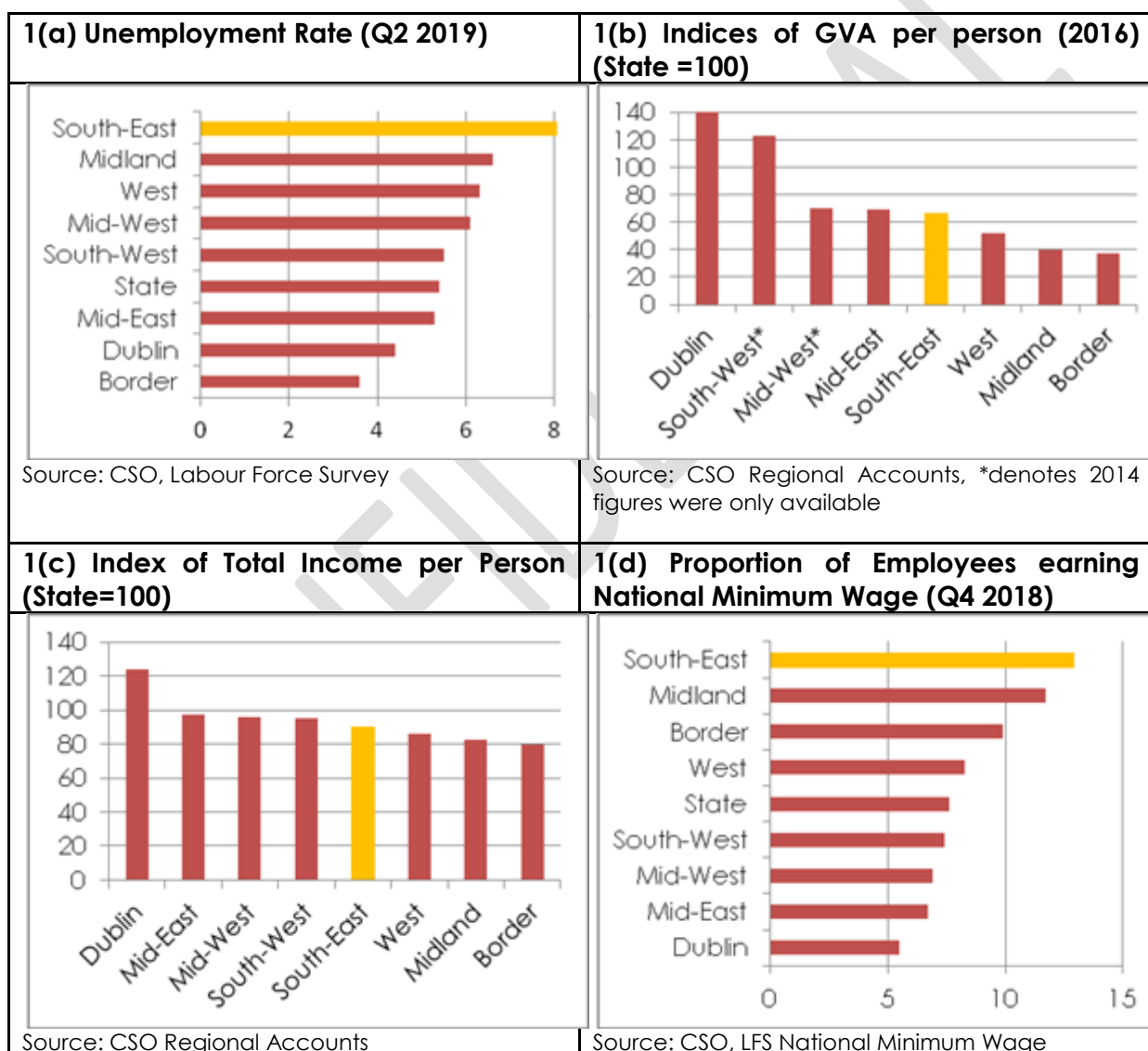
Direct air links to the region would **enhance the attractiveness of the South East as a destination for overseas tourists** thereby positively impacting one of the key employment sectors in the region and realising the region's untapped tourism potential. The availability of direct air access **would also both boost the region's FDI performance and create sub-supply opportunities for indigenous firms**. Furthermore development at Waterford Airport can **unlock new airside opportunities** resulting from Waterford's strategic location. In doing so, much needed **high value jobs can be created in the region which can benefit the entire region's economy**. Studies from the US show that for every one high-tech job created, up to five jobs are created in the local economy indirectly.

The National Planning Framework and Project Ireland 2040 have identified balanced regional development as one of the key overarching goals. The South East has a population of over 580,000 and Waterford has been designated as one of the five cities in Project Ireland 2040. A fully functioning Waterford Airport will be key for **balanced regional development to be genuinely realised and for the National Planning Framework to be given true meaning**.

1. Small scale government investment in Waterford Airport counteract economic underperformance and reinforce public-private collaboration

The South East region has the highest unemployment rate of all regions in the country, and within the Southern Region has the lowest gross value added per person and the lowest disposable income per person. There is an ongoing legacy of underperformance and underinvestment in the region that requires State investment. While significant and ongoing improvement in the national economy has been experienced of late, regional economic activity in the South East continues to lag behind the national average.

Figures 1(a) – (d): Key Socio-Economic Indicators



2. Investment to Support Foreign and Domestic Investment and to Create New Enterprise Opportunities

In terms of employment in the FDI sector of the economy, the South East accounts for just 6.8 per cent of total employment provided by FDI companies in Ireland, which is well below the national average of over 10 per cent. At the same time, the South East is home to a number of multi-national organisations who are important employers in the region across key sectors such as Life Sciences, ICT, Financial Services, and Engineering. All of these companies have needs for efficient air travel transport infrastructure, particularly for Irish subsidiaries of foreign owned companies and Irish owned enterprises with foreign operations and customers.

The availability of direct air access is a key influencing factor in corporate decision making when choosing locations for both foreign and domestic investment. The reintroduction of scheduled flight connectivity to the South East of Ireland is essential for the attraction and retention of existing and new indigenous and FDI investment in the region. A key additional point is that FDI investment can create new sub-supply opportunities for indigenous companies, thereby creating a virtuous circle of high-value employment. Such employment is crucial in regional locations as they benefit the local economy directly through higher salaries, and indirectly through creating additional jobs locally.

Increased air access to the region is crucial to supporting the work of the IDA and Enterprise Ireland in marketing the region as a prime location for investment. Existing multi-national and domestic companies in the region have outlined how important air access is to them and to their parent companies. Securing an increase in higher skilled and higher paid jobs that go hand in hand with FDI is a critical component of raising the region to align with the other city regions in the country in terms of economic performance. Potential investors require maximum airport journey times of approximately one hour. Due to current airport journey times of at least 2 hours from Waterford, promoting Dublin and Cork airports as direct air links into the region has proven to not work with potential investors.

In terms of new enterprise opportunities, Waterford Airport has strong natural and strategic advantages which with appropriate funding could allow it to develop as a successful airport enterprise zone. It is in one of the most cost competitive regions in Ireland and is well connected by motorway throughout the country. It is closer in terms of flight times to key markets in the UK and the EU than other locations in Ireland. It is within close proximity of the deepwater Waterford port and also Rosslare Europort offering potential supply chain management opportunities. It has an ecosystem of strong foreign and indigenous engineering companies including the likes of Honeywell Aerospace who are an established world leader in the manufacture of aircraft engines and other aviation products. There is a skills base in the region with IT Carlow being proactive in the development of internationally-recognised aerospace related programmes over the last two decades. It is already being used for testing of large scale drones for Airbus which are taking advantage of its location close to sea, lower wind speeds compared to the Atlantic coast and ability to test new technologies over urban areas. It is also currently being used for training certification and local tourism. These subsectors all have strong growth potential particularly in the context of global projections for aeronautics; potential opportunities arising from Brexit as UK operators seek to relocate back into the EU; and growing interest from Asian investors in the sector. The site already hosts a range

of commercial premises, allowing businesses to move on-site in a short time frame. The key piece of infrastructure to unlock these opportunities is a commercial runway.

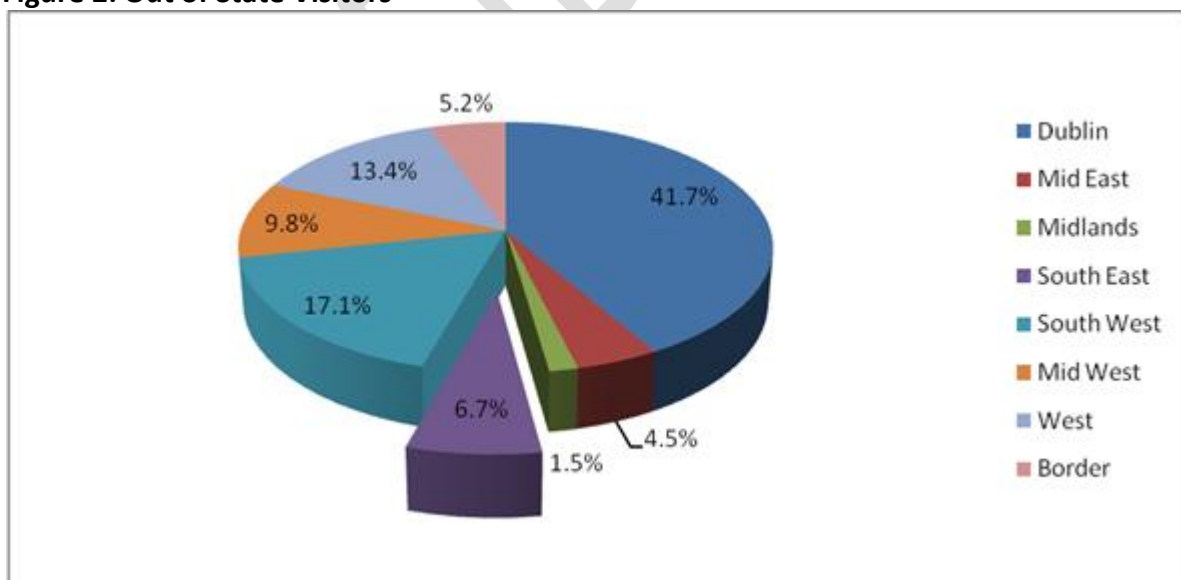
3. Investment to Realise the Region's Tourism Potential

Tourism is a key economic sector for the South East's economy and accounts for a high proportion of overall employment compared to the national average. For example in 2016, employment in Food and Accommodation Service Activities in Counties Kilkenny and Wexford was 17.9% and 18.2% respectively, compared to the national average of 12.6%. Employment in tourism for younger people in the region is of particular importance.

However, in 2017 the South East only ranked mid-table of all 8 Irish regions in terms of total tourist visitors – attracting 1/3rd less visitors than the West region; a little over a half of the visitors to the South West Region; and less than 1/3rd of the visitors to the Dublin region. Similarly, in 2017 the South East region was in the bottom 3 of the 8 Irish regions in terms of associated revenue from tourism and tourism revenue per capita. Finally in 2017, the South East region ranked only 5th of the 8 Irish regions in terms of visitors from overseas.

The South East has significant potential to develop as a tourism destination and the airport is critical in achieving this. Before its closure, Waterford airport had a high proportion of overseas visitors using it compared to other regional airports. A direct air link to the region would enhance the attractiveness of the South East as a destination for overseas/international tourists, in particular given the relative decline in services at the region's only passenger seaport at Rosslare Harbour.

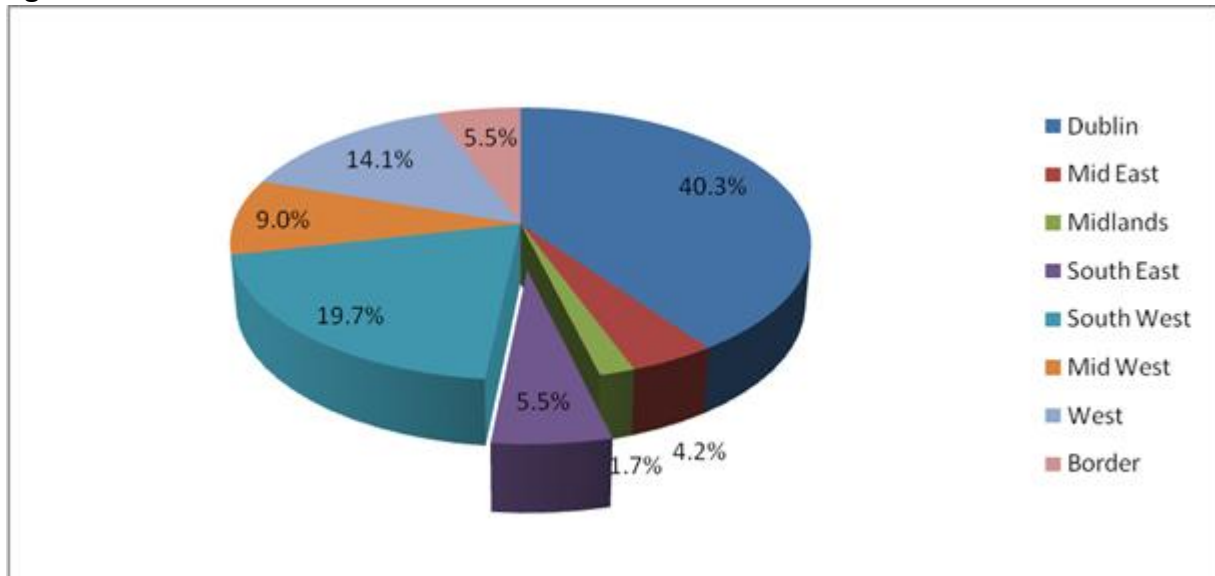
Figure 2: Out of State Visitors



Source: Tourism Facts 2017, July 2018.

In 2017, the South East attracted 1 million out of State visitors and associated revenue of €271 million. The South East accounted for just 5.5 per cent of total out of State tourism revenue.

Figure 3: Out of State Tourism Revenue



Source: Tourism Facts 2017, July 2018.

4. Investment to support genuine Balanced Regional Development in line with "Project Ireland 2040"

With a population of over 580,000, the South East is Ireland's fourth largest region. Notwithstanding this, the South East is currently the only NUTS III Region in Ireland without an international airport. Furthermore, of the five designated Irish cities in Project Ireland 2040, Waterford City is by far the furthest from a national airport. An additional point is that Waterford Airport would have a much larger catchment area throughout the 5 counties of the South East compared with the other regional airports (Donegal, Ireland West Knock Airport and Kerry Airport) which are currently receiving Exchequer support.

Complementing Project Ireland 2040, the National Planning Framework sets out a number of strategic outcomes with a view to promoting balanced regional development. These include National Strategic Outcome 2 ("Enhanced Regional Accessibility") and National Strategic Outcome 6 ("High-Quality International Connectivity").

The South East Region has the potential to be branded and developed as Ireland's Gateway to Europe, working in support of the Greater Dublin Area to positively affect the performance of the national economy and help relieve development pressure on Dublin. This is particularly the case in the context of recent analysis by Oxford Economics for the Department of Transport, Tourism and Sport which shows that Dublin Airport's runway is currently operating at capacity in the early-morning departure peak and that the road system around Dublin Airport is already under pressure at peak times, in terms of traffic volumes and speeds.

National Development Plan City	Distance to National Airport
Dublin	Served by Dublin Airport
Cork	Served by Cork Airport
Limerick	Served by Shannon Airport
Galway	Just over 1 hour to Shannon Airport and to Ireland West Knock Airport
Waterford	Over 2 hours to Dublin Airport; and almost 2 hours to Cork Airport

5. Investment to promote positive sentiment and maximise existing State funding

Investor and public sentiment are also critical considerations. There are a number of strategic employment locations in the region under development such as North Quays Waterford, Abbey Quarter Kilkenny, and Trinity Wharf Wexford which are key to the region's longer term economic growth. Government has already committed to supporting these projects through the Urban Regeneration Development Fund. Investors are now looking to bring these projects to market and continued modest Government investment in the airport would be both a key supporting block and a tacit endorsement for investors.

Finally, as well as URDF funding the Government has invested €650 million in two of the largest road projects in the country over the past number of years – the M11 Enniscorthy Bypass and the New Ross By Pass. These roads are due to be opened in summer 2019 and will be fundamental to linking the South East around the region's key city of Waterford. Leveraging this existing State investment is of fundamental importance to supporting balanced regional development.